

Exhibit J

Topic



CLAIMS MANAGEMENT NEWS

Stop-Loss Insurance a Growing Market Opportunity for Healthcare

Payers may have a low-risk, high-reward market opportunity by purchasing stop-loss insurance that protects issuers from high healthcare expenses.



(https://healthpayerintelligence.com/images/site/article_headers/_large/Payment_Model.jpg)

Source: Thinkstock



By Thomas Beaton (mailto:tbeaton@xtelligentmedia.com)

August 18, 2017 - Even though payers may experience higher total revenues on commercial self-insurance, stop-loss and third-party protected insurance revenues have been growing at a higher rate with stronger market stability according to **market research from AM Best** (<http://www.businesswire.com/news/home/20170815005573/en/Best%E2%80%99s-Special-Report-Stop-Loss-Insurance-Market-Continues>).

Unlike **reinsurance** (<http://www.kff.org/health-reform/issue-brief/explaining-health-care-reform-risk-adjustment-reinsurance-and-risk-corridors/>), a market stabilization program where self-insured payers contribute funds to protect health plans from premium increases, stop-loss insurance is when a payer or employer purchases claims coverage from an outside insurer, and then the outside insurer becomes financially responsible when health plan claims go over a certain threshold.

AM Best found that several payers have steadily adopted stop-loss coverage to mitigate the risks associated with high-cost enrollees. This has led to a growth in profitable and stable coverage products.

Dig Deeper

- How Payer Philanthropy Can Address Social Determinants of Health (<https://healthpayerintelligence.com/features/how-payer-philanthropy-can-address-social-determinants-of-health>)
- Explaining Out-of-Pocket Costs May Ease Cancer Care Stress (<https://healthpayerintelligence.com/news/explaining-out-of-pocket-costs-may-ease-cancer-care-stress>)
- Can Healthcare Price Transparency Tools Cut Costs for Payers? (<https://healthpayerintelligence.com/news/can-healthcare-price-transparency-tools-cut-costs-for-payers>)



The net premium earnings on life/health insurance companies' stop-loss products has more than doubled to \$14.3 billion in 2016 from \$6.7 billion in 2011 according to the report.

AM Best also attributed the stop-loss insurance growth to the increased competition in individual and group insurance product offerings, where payers aim to lower costs associated with high risk, premium-inflating enrollees.

"The ACA continues to shape the competitive landscape among insurers not just in the individual market but also in the group segment," the authors stated. "Insurers have been attempting to find solutions to deal with the additional financial responsibilities associated with ACA by evaluating the amount of risk they currently shift to their health insurance providers against their financial capacity to bear some of that risk themselves."

The The Blue Cross Blue Shield (BCBS) network is one organization that has used stop-loss insurance to cope with ACA uncertainty.

BCBS health plans in recent months have **exited ACA individual market** (<https://healthpayerintelligence.com/news/anthem-to-withdraw-from-aca-individual-market-exchanges-in-nv>) exchanges citing significant financial losses from the offerings, but have profited on their stop-loss revenues.

"Collectively, the BCBS network is the largest player in the stop-loss market, accounting for nearly \$3.9 billion net premiums earned (NPE) in 2016, or 27 percent of market, spread throughout its individual entities," the report said. "Stop-loss revenues for the BCBS companies grew substantially from 2012 to 2016, with the 2016 three-year average NPE 24 percent higher than the five-year average NPE of \$3.0 billion."

Payers that begin to dip their toes into stop-loss offerings can reap the benefits associated with lower losses from expected medical costs.

Low medical cost ratio losses created through stop-loss offerings have helped to grow this market within the last three to four years, the report added.

Payers will not be able totally avoid high claims costs in the millions based on the rising number of high cost enrollees in the market, but can drastically mitigate the volume of these claims.

Agree

“More recently, the medical loss ratio for stop-loss increased significantly to 78.7 percent in 2016 from 75.4 percent in 2015, as reportedly, the number of claims exceeding \$1 million more than doubled from 2012 to 2015,” the report says.

“The number of claims exceeding \$1 million more than doubled from 2012 to 2015, and although less than 2 percent of stop-loss claimants produced over million-dollar costs, they accounted for 18.5 percent of total stop-loss claims payments.”

Even though higher associated claims costs are expected to slow revenue growth in the stop-loss market, the report affirms that payers have been generally benefiting from the customization and risk-mitigation advantages of stop-loss insurance.

“Implementation of the ACA has sparked interest among employers in self-funded option and stop-loss insurance, given the associated regulatory cost savings and the plans’ customizable nature,” the report said. “Thus far, both lines have reaped the benefits from a flood of new enrollees in the market, which has translated into significant top-line growth for stop-loss carriers.”

“Regardless, stop-loss is likely to remain one of the few segments of the health insurance market with relative stability and less regulatory risk.”



Tagged Affordable Care Act (<https://healthpayerintelligence.com/tag/affordable-care-act>)

Claims Management (<https://healthpayerintelligence.com/tag/claims-management>) Healthcare Spending (<https://healthpayerintelligence.com/tag/healthcare-spending>)

Risk Management (<https://healthpayerintelligence.com/tag/risk-management>)

- **Health Plan Cost Sharing, Deductibles Outpace Members' Wage Growth** (<https://healthpayerintelligence.com/news/health-plan-cost-sharing-deductibles-outpace-members-wage-growth>)
- **Private Payers Face Challenges on Health Insurance Exchanges** (<https://healthpayerintelligence.com/news/private-payers-face-challenges-on-health-insurance-exchanges>)

Related Resources

- **Could You be Sending More E-Payments?** (<https://healthpayerintelligence.com/resources/white-papers/could-you-be-sending-more-e-payments>)
- **Removing the Hurdle of Provider Enrollment** (<https://healthpayerintelligence.com/resources/white-papers/removing-the-hurdle-of-provider-enrollment>)
- **Are patient statements costing your office too much?** (<https://healthpayerintelligence.com/resources/white-papers/are-patient-statements-costing-your-office-too-much>)

Sign up to receive our newsletter and access our resources

Your email

Organization Type

Select One



SUBMIT

Newsletter Signup

- ☒ Payers, Policy and Employee Wellness
- ☐ Bio and Pharma News
- ☐ RevCycle, Value Based Care and Finance

Organization Type

Select One



Your email

sign up

[view our privacy policy](#)

(<http://www.xtelligentmedia.com/privacy-policy>)

Most Read Stories

Top 10 Most Expensive Chronic Diseases for Healthcare Payers
(<https://healthpayerintelligence.com/news/top-10-most-expensive-chronic-diseases-for-healthcare-payers>)

CMS: Medicare Part D Monthly Premium May Be 5% Higher in 2022
(<https://healthpayerintelligence.com/news/cms-medicare-part-d-monthly-premium-may-be-5-higher-in-2022>)

2022 Medicare Advantage Premiums Drop, Enrollment May Rise
(<https://healthpayerintelligence.com/news/2022-medicare-advantage-premiums-drop-enrollment-may-rise>)

Uninsured Adults Remain Unaware of ACA Coverage, Subsidy Options
(<https://healthpayerintelligence.com/news/uninsured-adults-remain-unaware-of-aca-coverage-subsidy-options>)

Agree

About Us (<https://healthpayerintelligence.com/about-us>)
Contact Us (<https://healthpayerintelligence.com/contact-us>)
Advertise on HealthPayerIntelligence (<http://xtelligentmedia.com/contact>)
Privacy Policy (<http://www.xtelligentmedia.com/privacy-policy>)
DMCA Policy (<http://www.xtelligentmedia.com/dmca-policy>)
Terms & Condition (<http://www.xtelligentmedia.com/terms-condition>)
Sitemap (<https://healthpayerintelligence.com/sitemap.html>)

xtelligent (<http://www.xtelligentmedia.com>)
HEALTHCARE MEDIA

EHRIntelligence (<https://ehrintelligence.com>)
HealthITSecurity (<https://healthitsecurity.com>)
HealthITAnalytics (<https://healthitanalytics.com>)
RevCycleIntelligence (<https://revcycleintelligence.com>)
mHealthIntelligence (<https://mhealthintelligence.com>)

HITInfrastructure (<https://hitinfrastructure.com>)
PatientEngagementHIT (<https://patientengagementhit.com>)
PharmaNewsIntelligence (<https://pharmanewsintel.com>)
HealthCareExecIntelligence (<https://healthcareexecintelligence.healthitanalytics.com>)

©2012-2021 Xtelligent Healthcare Media, LLC. All rights reserved. HealthPayerIntelligence.com is published by Xtelligent Healthcare Media, LLC